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RUEHMZ/EUROPEAN POLITICAL COLLECTIVE PRIORITY  
RUCNIRA/IRAN COLLECTIVE PRIORITY  
RHEBAAA/DEPT OF ENERGY WASHDC PRIORITY  
RUEKDIA/DIA WASHDC PRIORITY  
RHMFISS/CDR USEUCOM VAHINGEN GE PRIORITY  
RUEAIIA/CIA WASHINGTON DC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

Thursday, 28 August 2008, 08:57

C O N F I D E N T I A L SECTION 01 OF 03 BAKU 000815

SIPDIS  
EUR FOR MATT BRYZA; E/EEB FOR SE BOYDAN GRAY, STEVE MANN;  
DOE FOR KATHY FREDRIKSEN  
EO 12958 DECL: 08/27/2018  
TAGS ENRG, EPET, EINT, PREL, AJ, TX, TU, GG  
SUBJECT: BP BRIEFS SENATOR LUGAR ON CASPIAN ENERGY  
DEVELOPMENTS  
REF: A. BAKU 810 B. BAKU 787 C. BAKU 765 D. BAKU 761  
Classified By: Ambassador Anne E. Derse, Reasons 1.4 (b,d)  
1. (C) Summary: The Russia-Georgia conflict, according to BP, may be forcing Azerbaijan to re-examine needs for regional stability and security.  
2. (C) BP Azerbaijan President Bill Schrader briefed Senator Richard Lugar and staff on developments in Caspian energy August 25, highlighting Georgia Crisis Changes Azerbaijan's Tune

13. (C) Schrader noted that BP Managing Director Andy Inglis visited Baku from London the previous week, meeting with President Aliyev, the State Security Concerns Resonate

14. (C) Javanshir said that overland pipeline routes within Azerbaijan are reasonably well protected, with BP leading efforts to monitor. The crisis  
15. (C) Javanshir said that the BTC explosion and Georgia crisis served as a "wake-up call" for Azerbaijan, which finds itself with few transparent  
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"less gamesmanship and chess playing" and more serious cooperation among Azerbaijan, Georgia and Turkey. XXXXXXXXXXXXXXXX  
XXXXXXXXXXXXX

16. (C) XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXX  
Criticism of Turkey, Acts of Terror

17. (C) BP was also highly critical of Turkey's BOTAS, which built the BTC on Turkish territory as a turn-key project. Construction was delayed  
Turkey Must Cooperate on Shah Deniz I, II

18. (C) Javanshir said that future gas projects, like the trans-Caspian and Nabucco pipelines, "are now dependent on BTC security. If BTC cannot  
19. (C) Schrader reported that Shah Deniz Phase II's "technical path" is still on target for 2014. All depends, however, on a commercial deal with  
ACG Deep Gas Could Be Developed

10. (C) Following the visit of Andy Inglis, BP now sounds relatively optimistic about an extension of the ACG  
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production sharing agreement, which would allow the AIOC consortium to extend production of oil at offshore fields (and book the reserves to increase  
More on Nabucco

11. (C) Schrader noted that Nabucco, as a grand vision, is still rather hard to imagine. A single pipeline -- "a 48-inch pipe" -- running from  
Comment

12. (C) The crisis in Georgia, and the myriad of oil and gas transport problems that resulted from it, has caused Azerbaijan's leadership to re-